Adoption of VAT

1289. SHRI PRAFULL GORADIA: Will the Minister of FINANCE be pleased to state:

(a) whether in the recently held conference on the reforms of State taxation, Central Government urged the States to adopt VAT;

(b) if so, whether the Central Government recognise that according to well known experts in the field, most of the virtues, such as neutrality in the allocations of resources, free consumer choice, avoidance of cascading and stimulus to exports, claimed for VAT are characteristics of an ideal system; and

(c) in what manner Government would ensure that the States do not lose on revenue by switching over to VAT?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): (a) to (c) Sir, in a Conference of the Chief Ministers/ Finance Ministers of States & Union Territories held on 16th November, 1999, it was decided by consensus that VAT will be implemented by all the States and Union Territories from 1.4.2001. Government of India has agreed to compensate the States if they lose revenue in the initial period consequent to the introduction of VAT by the States.

Foreign and Domestic Debts

1290. SHRI NARENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware about the rising levels of domestic and foreign debts during the last decades as per the RBI Report on Currency and Finance 1998-99;

(b) if so, what are the reasons therefor; and

(c) what are the details of foreign and domestic debts and what is the annual burden of debt servicing charges?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL): (a) to (c) The trends of foreign and domestic debt of the Central Government and debt servicing charges as per the lastest information are as under:

(in crore of Rupees)

	Internal debt and other liabilities as at the end of the Year	External* Debt as at the end of the year	Total Debt Servicing for the year	Fiscal Deficit as % of GDP
1990-91 (actual)	283033	31525	48789	7.0
1998-99 (actual)	834552	57254	197559	5.1
1999-00 (RE)	973141	57603	206630	5.6
2000-01 (BE)	1122895	56898	225683	5.1

**based on historical rates of exchange.*

Increase in the indebtedness of the Central Government is due to recurring fiscal deficits over the year.

BIFR Direction to Dunlop India Ltd.

1291. SHRI GURUDAS DAS GUPTA:
SHRI J. CHITHARANJAN:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Board for Industrial and Financial Reconstruction (BIFR) has directed the Manu Chhabria controlled Dunlop India Limited to sign a Memorandum of Understanding (MoU) with all workers' unions to restart its operations; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Yes, Sir. Board for Industrial and Financial Reconstruction (BIFR) has reported that in a hearing held on 18th January, 2000, BIFR has directed that M/s Dunlop India Ltd. to finalise Memorandum of Understanding (MoU) with all the Unions within a month